

**DISCLOSURE AND BUYER ACKNOWLEDGMENT
REGARDING SMALL LOT SUBDIVISION
FOR
CUMPSTON**

Property address: _____ Cumpston Avenue, Los Angeles, CA 90027 _____

The undersigned Buyer(s) (“**Buyer**”) is purchasing Lot ____ of Tract No. 70518 (“**Lot**” or “**Property**”) in the small lot subdivision known as Cumpston (“**Project**”), being developed by FTL INVESTMENT GROUP, LLC, a California limited liability company (“**Seller**”).

1. **Small Lot Subdivision Ordinance:** Buyer is hereby advised that this Project was approved for development by the City of Los Angeles as a Small Lot Subdivision under Ordinance No. 176354 (“**Small Lot Subdivision**”). Small Lot Subdivisions are detached single-family homes situated on their own legal lots or parcels. However, there are specific areas on each Lot within the subdivision that are encumbered by easements granted to the other owners for access and their shared use. The Lot sizes are smaller than the minimum size of a regular single-family lot, and may have compact building footprints, minimal street frontages and setback requirements, and reduced passageways between buildings and open space. Please refer to the Tract Map, site plan or plot plan provided by Seller that will detail the boundaries of your Lot and various reciprocal easements that may burden your respective Lot, many of which are set forth in detail below. Buyer is advised to carefully review the Tract Map, site plan or plot plan to ensure you understand the boundaries of your Lot and the locations of the easements that affect your Lot.

2. **No Homeowners Association; Shared Costs Between Owners.** Small Lot Subdivisions are **not** condominiums or any other form of common interest development. Under California Business and Professions Code Section 11010.4, Small Lot Subdivision projects are exempt from the requirement to file an application for the issuance of a Public Report with the California Department of Real Estate. There are no “Common Areas” owned in common with other owners in the Project or by a homeowners association (“**HOA**”), and no separate lot owned and maintained by an HOA. The Project has no HOA. There are no monthly HOA dues or assessments to be levied by an HOA. However, there are “**Shared Costs**” to be paid by all Owners proportionately as more fully set forth below. The Project is subject to a recorded Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Cumpston (“**CC&Rs**”), and there are shared costs for the various shared improvements within the “**Easement Maintenance Areas**” in the Project that are to be maintained jointly by all Owners, such as maintaining, repairing and replacing the entry gate for Lots 2 through 5, restoring or repaving the Common Driveway, restoring or repaving any walkways, repairing or maintenance work on any utility lines, drainage and sewer lines, facilities and improvements serving all Lots in the Project, common landscape maintenance areas and irrigation water for landscaping, payment of a water bill and electricity bill for specifically identified landscaping areas of certain Lots, and management and administrative costs (if any) (“**Shared Costs**”). See attached **Exhibit A** for a copy of the pro forma Maintenance Budget for the Project identifying the Shared Costs to be charged to each Lot.

The responsibility for maintenance of the shared improvements will be delegated to one (1) of the Owners, who will act on behalf of all owners and will be referred to as the “**Responsible Owner**”. The Responsible Owner must monitor the condition of the shared improvements and make sure that they are maintained in a good and presentable condition. The Responsible Owner (or if applicable, by the management company) will bill the other Owners for their proportionate shares of the Shared

Costs. There are five (5) Lots in the Project, so the Owner of each Lot will be required to pay one-fifth (1/5th) of certain total Shared Costs that benefit and service all of Lots 1 through 5, inclusive. Other Shared Costs such as costs relating to the entry gate and the Common Access Driveway servicing and benefitting exclusively Owners of Lots 2 through 5, inclusive, will be split into one-fourth (1/4th) shares. The Shared Costs may be billed monthly or quarterly, or on such other more frequent basis as determined by the Responsible Owner (or by the management company, if applicable) as more fully set forth in the CC&Rs. The Responsible Owner does not have the power to levy assessments or impose liens for nonpayment of a Lot Owner's proportionate share of the Shared Costs. Should an Owner fail to pay their portion of the Shared Costs, the Responsible Owner or the Owners will be individually or collectively need to sue the defaulting Owner in small claims court for nonpayment of the Shared Costs.

The Responsible Owner (or if applicable, by the management company) must have the landscape bill and the water bill in their name and the Responsible Owner must also open a bank account in their name for the collection of the Shared Costs from all Owners. The Responsible Owner must also maintain records of the costs and expenses of the maintenance, bank records, and the payment of their respective shares of the costs by other Owners. Buyer is advised that at some point there may be no Owners who will want to serve as the Responsible Owner. Should this be the case, the CC&Rs provide that the Responsible Owner may, based on their sole discretion, retain the services of a management company and the Owner of each Lot will be responsible to pay one-fifth (1/5th) of the total costs of such management expense in addition to the Shared Costs. Seller has initially retained the services of a management company to oversee, operate, manage, collect Shared Costs, pay bills for such Shared Costs associated with the Maintenance Easement Areas.

3. **Owner Maintenance.** Each Owner shall be responsible for the maintenance of all improvements on such Owner's Lot, including their residence, other than the improvements and landscaping located within the "***Maintenance Easement Areas***" as described in the CC&R's, which are the responsibility of the Responsible Owner to maintain for and on behalf of all Owners.

4. **Easements.** Each Lot is subject to easements for utility lines and improvements that serve other Lots in the Project. Seller has established non-exclusive easements on portions of each Lot, for purposes of installation, maintenance, repair and replacement of utility lines, utility facility, drainage and sewer lines, for the use and benefit of each such Owner for the maintenance, repair, and replacement of such utilities, drainage and other improvements therein, and related purposes, as provided in the CC&R's.

Lots 2 through 5, inclusive, is subject to an easement for Common Access Driveway as provided in the CC&R's, for the exclusive use and benefit of the Owners and occupants of Lots 2 through 5, inclusive. Seller has established non-exclusive easements on portions of Lots 2 through 5, inclusive, as shown on the site plan for the Project attached as **Exhibit "A"** to the CC&R's, vehicular and pedestrian ingress and egress, and for maintenance, repair, and replacement of access security gate, the Common Access Driveway, lighting, drainage and other improvements therein, and related purposes, as needed from time to time.

Lot 5 is subject to an easement for Driveway Gate Easement as provided in the CC&Rs for the operation, use, maintenance and repair and replacement of an electronic vehicular access gate located on Lot 5 for the exclusive use and benefit of the Owners and occupants of Lots 2 through 5, inclusive, as shown on the site plan for the Project attached as **Exhibit "B"** to the CC&R's. The low voltage

electricity device for the motorized gate system for the Driveway Gate Easement is located on Lot 5 is the responsibility of the Owner of Lot 5 to pay for. If feasible, the other Owners of Lots 2 through 4, inclusive, shall reimburse Owner of Lot 5 for their share of the electricity serving the motorized gate system.

Seller has established non-exclusive easements on portions of each Lots 1 through 5, inclusive, as shown on Exhibit "C" for maintenance of landscape areas, including planters, trees, grass, shrubbery, flowers, and equipment and facilities thereon, including irrigation lines, wires, controllers, valves, etc., and for the maintenance, repair, replacement, irrigation, and preservation of the appearance of such landscaped areas and related purposes.

5. **Parking in the Project.** The residences on Lots 1 through 5, inclusive, include attached garages for two (2) cars. There are no guest parking spaces in the Project.

7. **Use Restrictions.** Each Owner should carefully review the CC&R's, especially the Use Restrictions in Article 4, and become familiar with the requirements and restrictions contained therein that will affect the use and maintenance of your Lot and other Lots.

8. **No Common Area Insurance Policy.** Buyer is hereby advised that there is NO comprehensive policy of public liability insurance covering the Project because there is no Common Area to be owned in common with other owners in the Project. Each Buyer shall be responsible to purchase, at such Buyer's own expense, adequate fire and hazard insurance coverage, and liability insurance, as may be required by such Buyer's individual lender, if any, or as reasonable for their own protection. Buyer is solely responsible for determining the type and quality of insurance required to adequately insure Buyer's Property/Lot, Buyer's personal property, and Buyer's personal liability for ownership of Buyer's Property/Lot.

Buyer has received and read a copy of this disclosure, represents that Buyer understands the contents thereof, and acknowledges that Buyer has considered the possible effect of the conditions disclosed herein on Buyer's ownership, use and enjoyment of the Property, and has decided to proceed with close of escrow.

Dated: _____

By: _____
"Buyer"

By: _____
"Buyer"

Tract No. 70518, Lot _____

EXHIBIT A

Cumpston Maintenance Budget

	<u>Lot 1</u>	<u>Lot 2</u>	<u>Lot 3</u>	<u>Lot 4</u>	<u>Lot 5</u>
Landscaping	\$50	\$25.00	\$25.00	\$25.00	\$25.00
Water for landscaping	\$30	\$11.25	\$11.25	\$11.25	\$11.25
Electric gate		\$5.00	\$5.00	\$5.00	\$5.00
Gate Service		\$6.25	\$6.25	\$6.25	\$6.25
Management Fee	<u>\$40.00</u>	<u>\$40.00</u>	<u>\$40.00</u>	<u>\$40.00</u>	<u>\$40.00</u>
Monthly Total	\$120	\$87.50	\$87.50	\$87.50	\$87.50